15. a. Including such services in a public institution (or distinct part thereof) for the mentally retarded or persons with related conditions.

(1) Private Facilities - Reimbursement on Reasonable Cost-Related Basis - See Appendix I.

(2) State Operated Facilties - Reimbursement on Reasonable Cost-Related Basis - See Appendix I.

17. Any other medical care and any other type of remedial care recognized under State law, specified by the Secretary

d. Skilled nursing facility services for patients under 21 years of age

Reimbursement on Reasonable Cost-Related Basis - See Appendix I.

STATE Arkansas
DATE REC'D 5-31-79
EFF. APP'V'D FEB 15 1980
79-5
A

IMPLEMENTATION SCHEDULE

REASONABLE COST RELATED REIMBURSEMENT

FOR

LONG TERM CARE FACILITIES

DATE	IMPLEMENTATION ACTIONS
January 1, 1977	1. Establish standard fiscal year for reporting purpose
	2. Establish standard chart of accounts
	3. Begin cost finding and recording
September 30, 1977	1. Cost reports for interim period (January 1, 1977 - June 30, 1977) will be due in Social Services not later than this date
	2. Reports must be complete and on time
January 1978	1. Public Notification of Implementation
February 1, 1978	Social Services will:
	1. Make initial interim vendor payment for January Servi
	2. Interim rate will be in effect for period January 1, 1978 - June 30, 1978
March 31, 1978	1. Cost reports for period January 1, 1977 - December 31, 1977 will be due in Social Services not later than this date
	2. Reports must be complete and on time.
May 31, 1978	1. Establish prospective rate for period July 1, 1978 - June 1979
August 1, 1978	1. Begin payment of prospective rates for July Services.

State AK Submitted 10/76 PCO-11 76-34 A

Ref. To: _____ Inf. Sub. _____

Incorp. 1/13/78

5. A copy of any new or amended contracts for management services by a related party, home office or a third party which includes the basis used to allocate the costs to providers of the group and to non-provider activities, if applicable.

6. Copy of new or amended lease agreement if a leased facility.

When it is determined, upon initial review for completeness by the Office of Long Term Care, that a cost report has been submitted without all required information, providers will be allowed a specified amount of time to submit the requested information without incurring the penalty for a delinquent cost report. For cost reports which are submitted by the due date, ten (10) working days from the date of the provider's receipt of the request for additional information will be allowed for the provider to submit the additional information. For cost reports which are submitted by an extended due date, five (5) working days from the date of the provider's receipt of the request for additional information will be allowed for the provider to submit the additional information. If requested additional information has not been submitted by the specified date, the cost report will be subject to the penalty provisions for delinquent submission. An exception exists in the event that the due date (or extended due date when an extension has been granted) comes after the specified number of days for submission of the requested information. In these cases, the provider will be allowed to submit the additional requested information on or before the due date (or extended due date if an extension has been granted) of the cost report.

D. Where to Submit

The cost report and related information should be sent to:

Arkansas Department of Human Services
Division of Medical Services
P. O. Box 1437 - Slot 1104
Little Rock, AR 72203-1437

E. Amended Cost Reports

Providers can submit amended cost reports to the Department up to 180 days after the close of the cost reporting period.

STATE Arkansas	A
DATE REC'D 5-3-99	
DATE APPV'D 7-28-99	
DATE EFF 7-1-99	
HCFA 179 99-09	

SUPERSEDES: TN - 80-1

1-7 Desk Reviews

The Department will review all cost reports to verify that all facilities have submitted reports properly and in compliance with this manual. Providers will be notified in writing of the results of the desk review.

A provider's cost report can be adjusted for any errors or unallowable costs identified on a provider's cost report after the initial desk review has been completed up to the last day of the rate year for which rates are based on the adjusted cost report.

Financial and Statistical Reports, financial records, statistical records, and any other pertinent documents will be analyzed to verify that:

A. Cost reports are complete, accurate, and consistent with previous periods and in compliance with program policy.

B. The allowable costs are necessary, allocable, and reasonable for the performance of covered services required by Medicaid recipients.

C. The costs are authorized and are not prohibited under Federal and State laws and regulations.

D. The costs are accorded consistent treatment through the application of accounting principles and practices appropriate to the circumstances.

E. The costs are related to resident care.

F. The costs and statistics included in the Financial and Statistical Report are accurate and applicable to the current period.

G. The costs are net of all applicable credits.

1-8 Audits of Financial Records

The Department will provide for periodic audits of some or all cost reports and supporting records. The Department may also conduct limited reviews of cost data and/or client statistics reported in the cost reports.

The auditors will issue a report upon completion of each audit or review. The report will reflect cost and statistical information as submitted in the cost report and any adjustments the auditors recommend, such that the information complies with the criteria listed above. All audit reports will state the auditor's opinion as to whether, in all material respects, the cost information reported on the Schedule of Expenses (DHS 750, Form 5 or DOM 400, Form 6) and total actual resident days reported on the Statistical Data Schedule (DHS

STATE TN
DATE RECD 5-3-99
DATE APPVD 7-28-99
DATE EFF 7-1-99
HCFA 179 99-09
A

SUPERSEDES: TN. 78-10

750, Form 2 or DOM 400, Form 3), with audit adjustments, is presented fairly and in compliance with program policy and regulations.

1-9 Unauditable Situations

If a facility is unable or unwilling to provide necessary documentation to support the financial or statistical records contained in their cost report, the auditors will issue a "disclaimer" report signifying that the audit could not be accomplished. The Office of Long Term Care will advise the facility of the disclaimer in writing. A period of 90 days from the date of the letter of notification will be allowed to permit the facility to accumulate necessary documentation. A follow-up audit will be attempted upon expiration of the 90 day period or sooner if requested by the facility. If the audit can not be completed on the second attempt, the facility will be advised, in writing, that their agreement to participate in the Medicaid program will be terminated effective immediately. A period of 30 days from the date of such notification will be allowed to permit the orderly relocation of Medicaid recipients. The appeals procedures specified in Section 1-10 of this Manual are available to providers.

1-10 Appeal Procedures

A. Time Limit for Appeals

1. Any Long Term Care Facility may appeal the facility's reimbursement rate, a recoupment, a cost disallowance, a fine, a sanction, the imposition of a civil money penalty or suspension or termination from the program, by submitting a written notice of appeal to the Director of the Department of Human Services within thirty calendar days following the date of the appealed action. The appeal must clearly state the basis for appeal and must be accompanied by supporting documentation. If the facility wishes to utilize the "MEDIATION PROCESS" as contained in this section, it must so state in its written Notice of Appeal.

2. If an appeal is filed the DHS Director or his designee will appoint an independent hearing officer to hear the appeal. The hearing officer will schedule all appeals within 60 days of receipt of written notice of appeal by the Division and will notify the parties in writing of the hearing schedule. Provided that if the appealing facility states in its written Notice of Appeal that it wishes to utilize the "MEDIATION PROCESSES" and the department agrees, then the time for the DHS Director or his designee to appoint a Hearing Officer is waived. However, the appealing facility and the DHS Director or his designee shall implement the mediation process within the sixty days. Upon the termination of the mediation process, if any dispute stated in the notice of appeal remains unresolved,

the DHS Director or his designee will appoint the Independent Hearing Officer within sixty days of the termination. The hearing officer will set a discovery schedule if requested by either party. Either party may request a continuance for good cause. The hearing officer may grant a continuance for good cause upon motion of either party or on the hearing officer's own motion. The hearing officer will render a written decision within 30 days of the hearing and furnish a copy of the decision to the parties or their representatives.

Any objection requesting disqualification of the hearing officer upon allegations of personal interest or bias must be made in writing, supported by good faith affidavit, and submitted to the DHS Director at least fifteen days before the scheduled hearing. The DHS Director will consider the objection promptly and rule on it in a timely manner.

B. Administration of Appeal

1. The appellant may be present at the hearing, may be represented by counsel, and may call witnesses. DHS may appear by such officials as the Division may deem necessary, may be represented by counsel, and may call witnesses.

2. All testimony shall be under oath. Each party shall have the right to call and examine parties and witnesses; to introduce exhibits; to question opposing witnesses and parties on any matter relevant to the issue; and to rebut opposing evidence. The appellant shall have the burden of proving whatever facts it must establish to sustain its position by a preponderance of the evidence.

3. The Hearing Officer shall conduct himself in an impartial manner, and may question any party or witness at any time during the hearing.

C. Decisions

1. All decisions rendered shall be submitted by the Hearing Officer in writing to the Director, DHS, for his review and final determination. At his discretion and for good cause the Director shall have the right to reverse a Decision, or to return the issue to the Hearing Officer for further consideration or additional findings of law or fact. All decisions by the Hearing Officer and the Director shall contain findings of fact and law in accordance with applicable State and Federal laws and regulations. The final decision shall be rendered in writing to the appellant.

STATE — A
DATE RECD 3-3-95
DATE APPVD 7-28-95
DATE EFF 7-1-95
HCFA 179 96-05

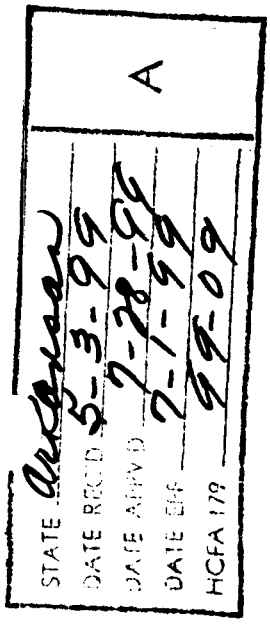
SUPERSEDES: TN - 91-25

D. Mediation Process

1. If a long term care facility in its written Notice of Appeal states it desires to utilize the mediation process in attempt to resolve the dispute(s) between the facility and the DHS as stated in the notice of appeal, and the DHS agrees to the mediation process, then mediation shall be utilized to clarify, narrow or resolve the dispute(s). The DHS shall maintain a list of mediators supplied by the Arkansas Commission on Alternative Dispute Resolution Commission. The objective of the mediation process is to help each side in the dispute(s) understand the other's point of view, with a goal of narrowing, clarifying, or resolving issues in dispute. If the dispute(s) is/are resolved as a result of mediation, then a written statement signed by both parties will be filed with the DHS Director or his designee, shall substitute for a decision in the case, and shall not be appealable.

2. The Chief Counsel's Office of the Department of Human Services shall submit a list of available mediators from which a mediator agreed to by both parties will be selected. The mediator shall restrict his discussions to the designated representatives of the appealing facility and the designated representative of the Department. Designated representatives include each party's attorneys. The mediation shall not bind the parties. The mediation shall not add anything to the record except a final written agreement. The parties may add to the record, but only to the extent they both agree. The mediation shall not unduly delay the process of a case. Time limits for appointing a Hearing Officer and a decision shall be temporarily suspended during the mediation. The mediator shall insure the parties are continuing to work towards resolution of the dispute. The negotiations shall be confidential and shall not be communicated to any decision makers who may serve as future Hearing Officers. If the mediation fails to produce an agreement, or if mediation is not proceeding toward resolving the dispute, then the mediator or either party may so notify the DHS Director or his designee. The DHS Director or his designee will terminate the mediation, whereupon the appeal will proceed as outlined in this Section.

3. The appealing facility and the Department of Human Services shall equally share the cost of the mediator's fee.



SUPERSEDES: TN - 87-1

1-11 Penalties for Failure to Comply with the Medicaid Long Term Care Program

A. By agreeing to participate in the Long Term Care program, providers must abide by these regulations. Participation in the program may be terminated should the provider:

1. Fail to keep and maintain auditable records.

2. Fail to disclose or make available to the Department, or its authorized agent, records concerning the operation of the facility, including home office records, if applicable.

3. Breach the terms of the Medicaid Provider Agreement or failure to comply with the terms of the provider's certifications set out on the Medicaid claim form.

4. Charge or attempt to charge Medicaid recipients for Medicaid covered services over and above that paid by the Department.

5. Rebate or accept a fee or portion of a fee or charge for a Medicaid resident referral.

6. Present, or cause to be presented, false information.

7. Submit, or cause to be submitted, false information for the purpose of obtaining greater compensation to which the provider is legally entitled.

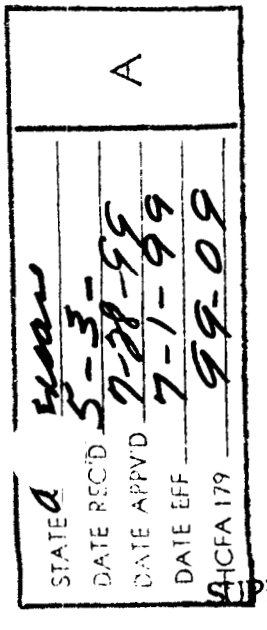
In addition to the above listing of causes for termination, State or Federal laws or rules may create requirements, the violation of which may cause adverse action.

B. Arkansas Code 20-10-205 classifies violations relating to the administration of Long Term Care Facilities. Administrative and reporting requirements are classified as Class C and Class D Violations. A description of each follows:

Class C Violations: Providers who fail to comply with administrative and reporting requirements that do not directly threaten the health, safety, or welfare of a resident have committed a Class C Violation. Violations of this nature would include but are not limited to:

1. Failure to provide resident assessment instruments in accordance with the prescribed submission policy. The resident assessment instrument must be complete to be considered submitted.

2. Failure to maintain accurate census records in accordance with this Manual.



3. Failure to maintain accurate resident trust fund records in accordance with this Manual.

4. Submission on the facility's Cost Report as allowable, costs determined by the DHS audit staff to have been claimed under circumstances identical in all material respects to costs that have been disallowed by final desk review or audit. A desk review or audit is final if no timely appeal has been filed, or, if a timely appeal has been filed, there is a final appeal decision disallowing the cost. An appeal decision is final if no additional appeal is provided for by law, or if the time to file an additional appeal has expired. Any facility submitting as allowable costs, costs previously disallowed by a desk review or audit decision that is not final must identify each such cost and reference the pending appeal.

Class C Violations are subject to a civil money penalty to be set by the DHS Director or his designee, in an amount not to exceed five hundred dollars ($500.00) for a single violation. A single erroneous administrative or reporting practice will be considered a single violation regardless of the number of resident records affected by the practice.

Class D Violation: Failure to timely submit the Cost Report for Long Term Care Facilities. Cost Reports must be postmarked on or before the due date or the extended due date in order to avoid a penalty. The failure to timely submit a cost report shall be considered a separate Class D Violation during any month or part thereof of non-compliance.

Class D Violations are subject to a civil money penalty to be set by the Director, DHS, or his designee, in an amount not to exceed two hundred fifty dollars ($250.00) for each violation.

In addition to any civil money penalty which may be imposed, the Director of the OLTC is authorized after the first month of a Class D Violation to withhold any further reimbursement to the Long Term Care Facility until the Cost Report is received by the Office of Long Term Care.

Any violation repeated within six months subjects the facility to double civil money penalties up to a maximum of one thousand dollars ($1,000.00) per violation.

Assessment of civil money penalties does not limit the right of the OLTC to take such other action as may be authorized by law or regulation.

Providers violating this section may be referred to the Attorney General's office.

SUPERSEDES: TN - 81-14

1-12 Overpayments and Underpayments

Administrative errors on the part of the Division or the Facilities may result in erroneous payments. These errors most commonly result from: failures to report a death, discharge, or transfer; system error in resident classification; and miscalculations of recipient incomes. Overpayments/Underpayments resulting from these errors will be corrected when discovered. Overpayments will be recouped by the Division and underpayments will be reimbursed to the Facility.

STATE Arkansas
DATE RECD 5-3-99
DATE APPVD 7-28-99
DATE EFF 7-1-99
HCFA 179 99-09

A

SUPERSEDES: TN. 78-10

HC..